

RBI's forward dollar outstanding at \$241 m

FE BUREAU
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RESERVE BANK OF India's (RBI) outstanding net forward position in dollars has fallen to \$241 million at end of October, a drop of \$10.18 billion over the previous month and significantly smaller than the \$65.70 billion in March this year.

The smaller dollar balances in the net forward book are the result of the central bank taking delivery of its maturing forward dollar positions even as it has built on its spot dollar reserves.

Dealers said the information was unlikely to upset the currency market too much.

"While it is true there is no longer a cushion for the reserves in terms of forward dollar receivables, the markets should take it in their stride," a senior currency dealer with a large bank observed.

The rupee ended Tuesday's ses-

sion at 82.70 to the greenback, a fall of 8 paise over Monday's closing levels.

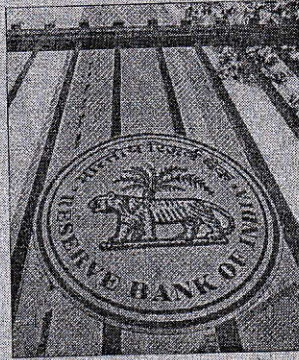
As per RBI's bulletin for December, the central bank's outstanding forward position of dollars stood at a net of \$241 million in October.

The kitty of forex reserves is comfortable and has also increased. It has gone up from \$524.5 billion on October 21, 2022 to \$ 561.2 billion as on December 2, 2022, covering around nine months of projected imports for 2022-23.

Moreover, the reserves have increased by \$ 31.4 billion since the end of September 2022, as per RBI.

With regards to the rupee, RBI's bulletin said, the appreciation of the US dollar this year, which precipitated large-scale depreciation of all major global currencies including the Indian rupee (INR), has drawn wide attention.

It is important to make an



objective assessment of the movement of the INR in the context of global and domestic macroeconomic and financial market developments. Through this episode of US dollar appreciation, the INR's movements have been the least disruptive, relative to peers.

In a piece on the state of the economy, RBI deputy governor,

Michael Patra wrote the balance of risks is increasingly tilted towards a darkening global outlook and emerging market economies (EMEs) appear to be more vulnerable, even though incoming data suggest that global inflation may have peaked.

The near-term growth outlook for the Indian economy is supported by domestic drivers, Patra wrote, as reflected in trends in high frequency indicators.

"Waning input cost pressures, still buoyant corporate sales and turn-up in investments in fixed assets are heralding the beginning of an upturn.

"The capex cycle in India will contribute to a speeding up of growth momentum in the Indian economy," the DG observed.

Patra also noted that while inflation may be slightly down, it is certainly not out. "If anything, it has broadened and become stubborn, especially at its core," he said.